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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,627	03/20/2001	David Lawrence	17209-454	1330

54205 7590 09/16/2010

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EXAMINER	
SUBRAMANIAN, NARAYANSWAMY	
ART UNIT	PAPER NUMBER
3695	

NOTIFICATION DATE	DELIVERY MODE
09/16/2010	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

Patents@chadbourne.com

Office Action Summary	Application No.	Applicant(s)	
	09/812,627	LAWRENCE ET AL.	
	Examiner	Art Unit	
	Narayanswamy Subramanian	3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *17 August 2010*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1,3-5,7-21 and 26-31* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1,3-5,7-21 and 26-31* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

1. This office action is in response to applicant's communication of August 17, 2010. Amendments to claims 1, 16, 21 and 26, cancellation of claim 2 and addition of new claims 27-31 have been entered. Claims 1, 3-5, 7-21 and 26-31 are currently pending and have been examined. The rejections and response to arguments are stated below.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 1, 3-5, 7-21 and 26-31 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Claims 1, 16 and 21 recite the limitations "assigning a numerical value representative of risk to each structured transaction information; assigning each structured information to an associated risk category having a category weight; calculating a risk score by multiplying the numerical value and the category weight associated with each structured information; calculating a risk quotient by aggregating the calculated risk score associated with each structured information in an associated risk category". However there is no written description of any "assigning a numerical value representative of risk to each structured transaction information; assigning each structured information to an associated risk category having a category weight; calculating a risk score by multiplying the numerical value and the

category weight associated with each structured information; calculating a risk quotient by aggregating the calculated risk score associated with each structured information in an associated risk category" in the specification as originally filed.

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claims 1, 3-5, 7-15 and 26-31 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1, 3-5, 7-15 and 26-31 recite the limitation "assigning a numerical value representative of risk to each structured transaction information; assigning each structured information to an associated risk category having a category weight; calculating a risk score by multiplying the numerical value and the category weight associated with each structured information; calculating a risk quotient by aggregating the calculated risk score associated with each structured information in an associated risk category and generating a suggested action in accordance with the risk quotient". It is not clear if these steps are performed manually or by a computer system. In the absence of this clarity the examiner has broadly interpreted these critical steps to be performed manually.

Claims 3-5 and 7-9 recite "The method of claim 2". However claim 2 is cancelled.

Claim 26 recites the limitation "an amount or monetary cost of defending an adverse position or a fine". It is not clear from this limitation as to whose adverse position is being defended. Clarification is required.

Claim 27 recites the limitations "wherein the gathering of the legal and reputational risk information and the receiving of the proposed transaction information is ongoing, with the risk quotient being adjusted accordingly" (emphases added). The metes and bounds of these limitations are unclear.

Dependent claims are rejected by way of dependency on a rejected independent claim. Applicants are requested to make appropriate corrections in their response to this office action.

The rejections given below are interpreted in light of the rejections made above.

Claim Rejections - 35 USC § 101

6. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7. Claims 1, 3-5, 7-15 and 26-31 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "**new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof**" (emphasis added).

The claimed invention does not fall in the process category for the following reason. The Supreme Court has recognized only two instances in which such a method may qualify as a section 101 process: when the process 'either [1] was tied to a particular apparatus or [2] operated to change materials to a 'different state or thing.'' In *Diehr*, the Supreme Court confirmed that a process claim reciting an algorithm could state statutory subject matter if it: (1) is tied to a machine or (2) creates or involves a composition of matter or manufacture.12 450

U.S. at 184. There, in the context of a process claim for curing rubber that recited an algorithm, the Court concluded that "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines."

In *Comiskey* (*In re Comiskey*) "the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter." *Comiskey*, 499 F.3d at 1380 (citing *In re Grams*, 888 F.2d 835, 839-40 (Fed. Cir. 1989)). In other words, nominal or token recitations of structure in a method claim should not convert an otherwise ineligible claim into an eligible one. For the same reason, claims reciting incidental physical transformations also may not pass muster under section 101. To permit such a practice would exalt form over substance and permit claim drafters to file the sort of process claims not contemplated by the case law.

In *Benson*, the Court reviewed the facts of several of its precedents dealing with process patents before drawing the conclusion that "transformation" is the clue to patent-eligibility "of a process claim that does not include particular machines." *Benson*, 409 U.S. at 68-71 (emphasis added). The cases *Corning* (tanning and dyeing), *Cochrane* (manufacturing flour), *Tilghman v. Proctor*, 102 U.S. 707 (1880) (manufacturing fat acids), and *Expanded Metal Co. v. Bradford*, 214 U.S. 366 (1909) (expanding metal), can all fairly be read to involve transformation of some article or material to a different state or thing. Id. at 69-70. *Benson* also compared *O'Reilly v. Morse*, 56 U.S. (15 How.) 62 (1854), to *The Telephone Cases*, 126 U.S. 1 (1888), reasoning that Morse's eighth claim was disallowed because it failed to recite any machinery for carrying out the printing of characters at a distance, instead simply claiming the use of "electromagnetism,

however developed" for that purpose. Id. at 68. In contrast, Bell's claim in *The Telephone Cases* recited certain specified conditions for using a particular circuit for the transmission of sounds. *Benson*, 409 U.S. at 68-69.

These cases illustrate process claims where the recited machines played a central role in generating a useful result. In direct contrast, human- driven methods that merely recite a device that is insignificant to accomplishing the method (like the claim in *Grams*) and do not transform any article should not be recognized as a "process" claim similar to the above-cited cases. See *Diehr*, 450 U.S. at 191-92 ("insignificant post- solution activity will not transform an unpatentable principle into a patentable process).

In the case of claim 1 of the instant application, the critical steps of the claimed method are interpreted to be performed manually as discussed in the 112, second paragraph rejection above. The processor does not play a central role in generating a useful result. Nominal or token recitations of structure in a method claim should not convert an otherwise ineligible claim into an eligible one.

Also based on the guidance from *Bilsky v. Kappos*, the claimed invention is directed to a judicial exception to 35 U.S.C. 101 (i.e., an abstract idea, natural phenomenon, or law of nature) and is not directed to a practical application of such judicial exception because the claim does not require any physical transformation and the invention as claimed does not produce a useful, concrete, and tangible result. The method is drawn to an abstract idea. The method of claim 1 is nothing more than a manipulation of inputted data using mathematical algorithms. There is no useful, concrete, and tangible result from implementing the steps of the method.

Dependent claims 3-5, 7-15 and 26-31 are rejected by way of dependency on a rejected claim. Hence the recited method of claims 1, 3-5, 7-15 and 26-31 does not qualify as a process under 35 USC 101. (See also *Ex Parte Langemyr*, Appeal 2008-1495, BPAI Decision May 28, 2008).

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

9. Claims 1, 3-5, 7-21 and 26-31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Basch et al. (US Patent 6,119,103) in view of (US Patent).

Claims 1, 16 and 21 Basch teaches a computer-implemented method, a computerized system, a non-transitory computer readable medium having computer executable program instructions residing thereon for managing risk related to a financial transaction, the method comprising: gathering into a computer storage, legal and reputational risk information related to a proposed financial transaction (See Basch Abstract, Figure 1, Column 7 line 15 – Column 8 line 51, Column 13 lines 8-25 and claims 1-2, data having bearing on Financial risk level, divorce filings, tax liens, judgements, bankruptcy or non-bankrupt charge-offs are examples of legal and reputational risk information related to a financial transaction, the FRPS includes data storage for storing such information); receiving into the computer storage transaction information relating to details of the proposed financial transaction (See Basch Abstract, Figure 1, Column 7 line 15 –

Column 8 line 51, and claims 1, 2, 19 and 29, transactional data includes this feature); structuring with a processor, the received transaction information according to risk quotient criteria associated with the gathered legal and reputational risk information (See Basch Abstract, Figure 1 and claims 1-7); assigning a numerical value representative of risk to each structured transaction information (See Basch Column 9 lines 22-32, the gathered information include scoreable transaction); assigning each structured information to an associated risk category having a category weight (See Basch Column 11 line 51 – Column 12 line 42, segmentation rules along with pattern weights are interpreted to include category weight); calculating a risk score by multiplying the numerical value and the category weight associated with each structured information (See Basch Column 17 line 44 – Column 18 line 4); calculating a risk quotient by aggregating the calculated risk score associated with each structured information in an associated risk category (See Basch Column 13 lines 9-49); generating a suggested action in accordance with the risk quotient (See Basch Column 13 lines 26-49, alerts include suggested action). The risk score is interpreted to include a risk quotient. Communication network, executable software stored on the server and executable on demand are inherent in the disclosure of Basch.

Claim 3, Basch teaches the steps of storing the received transaction information, the risk quotient and the suggested action; and generating a diligence report referencing the stored information. (See Basch claims 3-7 and Column 10 lines 24- 32 and 55-60) The reports are interpreted to include diligence reports also.

Claim 4, Basch teaches the step wherein the diligence report comprises the received transaction information relating to details of the financial transaction and actions taken responsive to the risk quotient. (See Basch Column 13 lines 26-62) The format of the alerts and

reports are interpreted to include details of the financial transaction and actions taken responsive to the risk quotient.

Claim 5, Basch teaches the step wherein the suggested action is additionally responsive to the transaction information received. (See Basch Column 8 lines 2-12). The dispute action is interpreted to include action is additionally responsive to the information received.

Claim 7, Basch teaches the step wherein the suggested action comprises refusing to perform the financial transaction. (See Basch claim 6). Denying authorization request is interpreted to include the step of refusing to perform the transaction.

Claim 8, Basch teaches the step wherein the suggested action comprises refusing to perform a transaction. (See Basch claim 6 and Column 11 lines 3-5). The step of refusing to perform a transaction is interpreted to include the step of blocking acceptance of an account.

Claim 9, Basch teaches the step wherein the suggested action comprises notifying an authorized private or public data services. (See Basch Column 9 line 62 - Column 10 line 3) The authorized private or public data services are interpreted to include an authority.

Claim 10, Basch teaches the step wherein the information received comprises the identity of a high-risk entity and the high-risk entity's relationship to an account holder. (See Basch Column 12 lines 47-52 and Column 13 lines 40-49)

Claim 11, Basch teaches the step wherein the received transaction information comprises the identity of public agencies. (See Column 6 lines 24- 31) The public agencies are interpreted to include a secrecy Jurisdiction.

Claim 12, Basch teaches the step wherein the received transaction information is gathered electronically. (See Basch Column 8 lines 20-22 and Column 8 line 60 -Column 9 line 10)

Claim 13, Basch teaches the step of aggregating risk quotients relating to a financial institution to assess a level of identified risk to which the financial institution is exposed. (See Basch Column 5 line 62 -Column 6 line 8).

Claim 14, Basch teaches the step wherein scores are generated for financial transactions. (See Basch Column 17 lines 9-11) The scores are interpreted to include an average risk quotient associated with a transaction.

Claim 15, Basch teaches the step wherein the financial transaction comprises opening a financial account. (See Basch Column 11 lines 3-5).

Claim 17, Basch teaches a system wherein the transaction information is received via an electronic feed. (See Basch Column 8 lines 20-22 and Column 8 line 60 -Column 9 line 10)

Claim 18, Basch teaches a system wherein the transaction information received is generated by a public agency. (See Column 6 lines 24- 31) The public agencies are interpreted to include a government agency also.

Claims 19, 20 and 26, Basch fails to explicitly teach the steps wherein the network access device is a personal computer or a wireless handheld device and the risk quotient is indicative of an amount or monetary cost to defend all adverse position or a fine.

Official notice is taken that using a personal computer and/or a wireless handheld device to access networks are old and well known in the art. These devices allow the user to efficiently and rapidly communicate with the network. Also risk ratings indicative of liability risk (which includes an amount of money to defend an adverse position or a fine) are old and well known. These ratings help an insurer determine the premiums for underwriting the risk and for a user to determine if the risk is worth insuring.

It would have been obvious to one with ordinary skill in the art at the time of invention to include a personal computer and/or a wireless handheld device to the disclosure of Basch. The combination of the disclosures taken as a whole suggests that it would have helped the user facilitate faster and more efficient communication with the network and also determine if the risk is worth insuring.

Claims 27-31, Basch teaches the features wherein the gathering of the legal and reputational risk information and the receiving of the proposed transaction information is ongoing, with the risk quotient being adjusted accordingly (See Basch Abstract, Figure 1, Column 7 line 15 – Column 8 line 51, Column 13 lines 8-25, periodic automated inputs and updating of profiles imply data which is updated on an on-going basis and the risk quotient being adjusted accordingly); wherein the risk quotient is generated in response to an event or according to a request (See Basch Column 9 lines 32-37); generating a total risk quotient by aggregating the risk quotient of all associated risk categories (See Basch Column 13 lines 22-26); wherein the assigned numerical value and the category weight are user-defined (See Basch Column 8 lines 40-51); wherein the gathered risk information includes information related to regulatory risk, risk advisories, historical data and world events (See Basch Figure 1, Column 7 line 15 – Column 8 line 51).

Response to Arguments

10. In response to Applicant's traversal of Official notice taken for claims 19 and 20, the examiner would like to the Turk reference (Turk et al. US Patent 6,415,271 B1). Turk teaches the features wherein the network access device is a personal computer and wherein the network access device is a wireless handheld device (See Turk Abstract, Column 4 lines 50-58 and

Column 6 line 57 – Column 7 line 7). In response to Applicant's traversal of Official notice taken for claim 26, the examiner would like to the Abrahams reference (Abrahams et al. US Pub. No. 2005/0086090 A1). (See Abrahams Abstract, Figures 1B-1C and associated descriptions)

Applicant's other arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

11. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure are listed on the attached form PTO-892.

12. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached at (571) 272-6746. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/Narayanswamy Subramanian/
Primary Examiner
Art Unit 3695

August 30, 2010